

Burlington Telecom Advisory Board

Conference Room 12

REGULAR MEETING

May 14 2014

5:00 pm

Members Present: Pat Robins, Joan Shannon, David Provost, Karen Paul and Vince Brennan arrived at 5:39 p.m.

Members Absent: David Parker

Burlington Telecom: Stacey Trudo, Jeremy Patrie, Nick Martin and Amber Thibeault

Dorman & Fawcett: Vivian Pilot and Stephen Barraclough

Meeting commenced at 5:39 p.m.

1. Agenda
2. Approval of minutes from last BTAB meeting.
MOTION by *Robins*, seconded by *Shannon* to accept the minutes from the last BTAB meeting.
UNANIMOUS.
3. Public Forum
NONE
4. FY 2014 Forecast and FY 2015 Budget Overview

FY2014

Barraclough:

- Presented financials with 9 month actuals and 3 month forecast.
- Sales at 7.3 million. Upward trend.
- Net 299 subscribers in FY13, expect the same in FY14. Aggressive approach to signing students up this year. Weekend after Memorial Day should be a big student sign up time.
- Gross margin meeting projected budget. Cost side a little above last year but below budget. Operating income will be above by the end of the year.
- \$962,000 cash flow pre-debt service. Debt service is higher than budgeted at \$623,323. Post debt service \$338,889.

- Burlington Telecom hired a temporary marketing person who will build a framework for a marketing plan that will take effect in FY15. Proposing a permanent marketing position in FY15. As part of this, Burlington Telecom sent a survey out on Front Porch Forum and via email. In terms of ranking customer service, Burlington Telecom's satisfaction level was higher than competition. Dissatisfaction level with the competition is high. Burlington Telecom will put the marketing survey discussion on the next BTAB meeting agenda.
 - *Robins*: discussion regarding capitalized labor. *Barracough* explained that Burlington Telecom is proposing to capitalize installation labor.
 - *Paul*: inquired as to when the target date for monthly reconciliation is? *Barracough* explained that the plan is for next year to have a hard close of the books at the end of the month and to use our own general ledger.
 - *Robins*: have you established criteria for capitalizing labor? *Barracough* explained that Burlington Telecom manages for cash so it's kind of irrelevant in the day-to-day management. We were told that this is industry standards. Never capitalized labor in the past. The group agreed that industry practices need to be documented and need a wider perspective on the industry practices aside from the one reference.
 - *Paul* requested additional break-down information for FY14. *Barracough* said he would forward this.

FY2015

Barracough:

- Discussed the organization chart for FY15.
 - Currently advertising a position in Outside Plant.
 - Intend to hire previously approved and advertised position of controller.
 - New position of Marketing and Branding.
 - Residential Sales Consultant proposed to hire in January 2015 if numbers are met.
 - *Robins* inquired as to what this position entails. *Trudo* explained that it is door-to-door but also customer service in the office. Position will interface with public more in FY15.
- Subscribers in 2014:
 - 4618 subscribers above previous high March 2010 at 4,575. Business has more than doubled over the last five years.
- Outline of Budgetary Figures
 - Expect more growth on the sales side with a focus on driving revenues in FY15.
 - Expect more operating costs.

- More subscribers which means more money spent on equipment and beginning of the swap out program.
 - Not swapping 3-5Mb customers. Everyone else will receive equipment capable of handling 1GB. Swap-out will occur within 2-3 years.
 - *Robins* asked how many customers are on the lower internet speeds. *Barracough* stated approximately 1000.
 - Capital expenditure is estimated at \$1.2 million but might be reduced if we go with an alternative vendor.
- Manage to cash with contingency plan in the event that we are unable to meet numbers.
- Discussion amongst the group regarding the legal fees incurred by Burlington Telecom and where those are reflected in the budget. *Barracough* to provide information to BTAB on the legal fees prior to the next meeting.

5. Next Meeting

- Meet next Wednesday May 21st from 4 – 5 at Burlington Telecom to discuss the remaining pieces of the budget and to vote on the budget before it is presented to the Board of Finance.
- Scheduled meeting for June 4th which will be a public forum from 4:30 – 6:00.

6. Adjourn

MOTION to adjourn by *Shannon*, seconded by *Brennan* at 6:42 p.m.